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SUBJECT: A/S WAYNE'S MEETING WITH ABDULLA BIN AL-ATTIYAH,
GOVERNOR OF THE CENTRAL BANK OF QATAR

11. (SBU) Summary: During a bilateral meeting held June 25 on the margins of the International Arab Banking Summit in Montreal, A/S Anthony Wayne and Abdulla bin al-Attiyah, Governor of the Central Bank of Qatar, discussed the regional economic situation with a focus on the fight against terrorist financing, privatization plans, and trade issues including the President's initiatives on the Middle East Free Trade Agreement (MEFTA) and Middle East Partnership Initiative (MEPI). End summary.

12. (U) Al-Attiyah confirmed that Qatar's economy is booming: oil and gas revenues are up; prices on the stock exchange are up almost 20% this year after increasing nearly 35% last year; and real estate prices are strong.

New Steps to Control Financial Flows

13. (U) A/S Wayne congratulated al-Attiyah on the success of last fall's anti-money laundering conference and mentioned participation by Qatari officials in the recent USG training sessions. He stressed the importance we continue to place on blocking the flow of funds to terrorist organizations, and asked the status of Qatar's anti-money laundering legislation. Al-Attiyah said that the money laundering law is moving: it has been approved by the Council of Ministers and the shura, and should be finalized soon. The GOQ has established a new committee to address money laundering under the jurisdiction of the Central bank.

14. (SBU) Qatar is adding terrorist financing to the criminal law, and has just established a committee to coordinate the fight against terrorist financing. They are adding a legal article permitting the Central Bank Governor to freeze any asset on instructions from the Attorney General-equivalent. (Al-Attiyah said he is pleased that he does not have the authority to freeze assets unilaterally, fearing that could lead to perceptions of abuse of power. The proposed arrangement will allow officials with access to intelligence reporting and legal information to make the decision.)

MEFTA and MEPI have Promise

15. (SBU) Asked his views on MEFTA and MEPI, al-Attiyah said he is not an expert. It sounds like a nice approach; has validity; a good idea. But he wanted to emphasize his personal view on the importance of solving Middle East problems first. The initiatives are nice, but the Palestinian problem is crucial. Bush seems to be a firm president and al-Attiyah stated that he tells people the U.S. president shouldn't be underestimated. A/S Wayne responded that the situations in Iraq and the Middle East peace process are crucial and President Bush and the Administration are committed to finding a solution, but MEFTA and MEPI provide other pillars to support growth and development in the region.

Democracy is Key

16. (U) Asked his view on the most important ingredient for peace and growth in the region, al-Attiyah said "democracy." The region has never had cooperation; it has not even been able to agree on a customs union. The GCC is hoping to establish a common currency by 2010, to really integrate the GCC economies. Most big projects in the region are successful if they have government support, and the US should be sure governments are involved.

Need to Refine Informal Fund Transfer Systems

17. (U) Al-Attiyah noted that during international meetings, his fellow GCC Governors have commented on Americans' apparent misunderstanding of the term "hawala," giving it meaning beyond its Arabic meaning of "transfer." A/S Wayne said we are aware of the nuances and have adopted various terms such as "informal value transfer system" to refer to the process. There was discussion of the benefits of sharing

best practices, including licensing those engaged in transferring funds and lowering the costs of transferring funds in the formal financial system. Al-Attiyah confirmed that in Qatar the correspondent in a hawala transfer should be a licensed bank. He suggested that a more targeted approach on specific individuals might be more effective than the very broad effort to control all fund transfers. (The issue of providing what could be an expensive system for transfer of remittances had been raised during the panel discussion moderated by al-Attiyah.)

Privatization Plans

[18.](#) (U) Asked about Qatar's privatization plans, al-Attiyah mentioned that the first target will be in the petrochemical sector, and discussed plans regarding aluminum.

Bio

[19.](#) (U) Al-Attiyah's father has a house in Beirut at which al-Attiyah vacations. He went to school in Michigan and attended SAIS. He later served in Qatar's embassy in Washington from 1979-82. He speaks fluent but un-enunciated English.

[110.](#) (U) A/S Wayne cleared this cable.

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